

THE SECURITIES COMMISSION OF THE BAHAMAS



**STATEMENT OF PRACTICE FOR
THE ISSUANCE OF BLANK LICENCES**

TO

**UNRESTRICTED INVESTMENT FUND ADMINISTRATORS
PURSUANT TO THE INVESTMENT FUNDS ACT, 2003**

Please submit required documents to:

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This Statement of Practice is subject to amendments by the Commission from time to time.

**SECURITIES COMMISSION OF THE BAHAMAS SUPERVISORY AND REGULATORY STATEMENT
OF PRACTICE**

**STATEMENT OF PRACTICE ON THE ISSUANCE OF BLANK LICENCES TO UNRESTRICTED
INVESTMENT FUND ADMINISTRATORS PURSUANT TO THE INVESTMENT FUNDS ACT, 2003**

1. INTRODUCTION

1.1 The Securities Commission of The Bahamas (“the Commission”) has responsibility for the licensing, regulation and supervision of the securities and investment fund industries of The Bahamas pursuant to the Securities Industry Act, 2011, the Investment Funds Act, 2003 (the “IFA”) and the Financial and Corporate Service Providers Act, 2000 (the “FCSPA”). Additionally, the Commission is mandated inter alia to maintain surveillance over as well as to formulate principles to regulate and govern investment funds, securities and capital markets, to ensure orderly, fair and equitable dealings.

1.2 All licencees and registrants of the Commission are expected to adhere to the Commission’s licensing, operation and prudential requirements and ongoing supervisory programs. Licencees and registrants are expected to conduct their affairs in conformity with all other Bahamian legal requirements.

1.3 Pursuant to Section 34(1) of the IFA, the Commission may grant, subject to such conditions as it deems fit, an unrestricted investment fund administrator’s licence (“UIFA”) which authorizes the holder thereof to act or carry on business as an investment fund administrator in respect of an unlimited number of funds. This means that the UIFA holds the same licensing authority as the Commission and must carry out all the appropriate processes that the Commission would conduct if the Commission were licensing the fund. This is an independent authority and the UIFA, in its capacity as a licensor, has a separate and distinct obligation to protect the reputation of the jurisdiction, to protect investors and to ensure that any licence issued is done so in accordance with the terms and conditions established in the legislation.

1.4 Further to paragraph 1.3 above, it should be noted that an UIFA is *only* allowed to license professional and SMART funds (Section 13(2) of the IFA). Moreover, an UIFA may only license investment funds for which it is the administrator, and for which it provides the

principal office (Section 13(3) of the IFA). The Authorizations Department is responsible for the control and issuance of all Blank Licence Certificates.

1.5 An UIFA may request blank licence certificate(s) on behalf of the fund(s) which it intends to license. Section 13(1) of the IFA provides that an UIFA shall, in respect to any investment fund licenses, **within thirty (30) days of the licensing,** file with the Commission all items specified in Sections 13(1)(a)-(e). The Commission will seek to enforce the penalty fee for late filing, should the relevant information not be submitted within the requisite timeframe, pursuant to Section 13(5) of the IFA.

2. BLANK LICENCE REQUEST PROCESS

2.1 In the instance where an UIFA wishes to licence either a professional or SMART Fund Model (as and where applicable), the Commission hereby advises of the following process:

2.1.1 A written request for blank licence certificate(s) is to be made, and addressed to, the Manager of the Authorizations Department providing the following information:

- a) Total number of blank licences required. Please note that licence certificates are issued in lots of ten (10);
- b) Licence category of the investment fund(s) (i.e. Professional, or SMART Fund Model); and
- c) Any other information that the Commission may require.

2.1.2 Once a request is received for the issuance of blank licence certificate(s), the Commission will perform internal checks to ensure that there are no unused blank licences in that category, in the possession of the UIFA, or other matters outstanding on behalf of the UIFA relating to the issuance of blank licences.

(The Commission reserves the right to withhold the issuance of blank licence certificates until it is satisfied that the UIFA is in good standing).

2.1.3 The UIFA should allow a minimum period of twenty-four (24) hours, and a maximum of forty-eight (48) hours from the date the formal request is received, for blank licence certificate(s) to be issued.

2.1.4 A letter is sent to the UIFA advising that the licence certificates are available for collection.

2.1.5 The package with the licence certificates and an affixed cover letter are placed at the receptionist's desk for collection.

2.1.6 The affixed cover letter is signed by a representative on behalf of the UIFA and placed on the applicant's file acknowledging receipt of the blank licence certificate(s).

2.1.7 When the UIFA is prepared to license a fund, the following information will be required to be typed (not handwritten) on the licence certificate by the UIFA:

- a. The name of the fund; and
- b. The date on which the fund is licensed.

2.1.8 Once an investment fund is licensed by an UIFA, during the prescribed time, the UIFA is required to file the necessary items with the Commission. These items are inclusive of the following:

- The completed application form
- The prescribed fees
- The offering document (as applicable) along with a written certification from the administrator/attorney that the offering document is in compliance with the IFA
- Certified copy of the constitutive documents along with a written certification from the administrator/attorney that the constitutive documents are in compliance with the IFA
- Documentation establishing the fitness and properness of the related parties of the fund
- A copy of the licence issued by the licensor
- Any other item requested by the Commission

2.1.9 Additional blank licence certificates are issued to the UIFA once the following conditions have been met:

- a. There are two (2) outstanding blank licence certificates to be used by the UIFA;
or
- b. An additional amount is required by the UIFA; and
- c. All items have been filed within the prescribed period pursuant to section 13 (1) of the IFA, with respect to the funds which have been licensed by the UIFA; and
- d. There are no pending regulatory matters on behalf of the UIFA.

2.1.10 As at the end of each month, the UIFA is required to submit a completed Blank Licence Reconciliation Form (as attached) with respect to blank licence certificates received from the Commission.

2.2 *Reconciliation of Blank Licences*

2.2.1 Blank licence certificates are reconciled on a monthly basis to ensure that the controls established for the monitoring of the certificates are being adhered to and executed in a proper manner and to also ensure that all unissued certificates are accounted for. To assist in the reconciliation of blank licence certificates, a Blank Licence Reconciliation Form is required to be completed by the UIFA and submitted to the Commission on a monthly basis. This Blank Licence Reconciliation Form includes the following information:

- **Name of the Applicant** – this will indicate the name of the UIFA in which the blank licence certificates were issued.
- **Control Number** – this refers to the number stamped on the reverse upper right side of the blank licence certificate.
- **Licence Number** – this refers to the number found on the upper right side of the blank licence certificate. This number will be pre-assigned and printed on the certificate by the Commission.
- **Date Blank Licence Issued** – this will indicate the date in which the blank licence certificate is issued by the Commission. This will be the date of the letter attached to the blank licence certificate which is signed for by a representative on behalf of the UIFA.
- **Date Investment Fund Licensed**- This is the date the UIFA licensed the fund
- **Name of Investment Fund** – this will be the name given to the investment fund in which the blank licence certificate is issued on behalf of.
- **Licence Category** – this will indicate whether the fund is licensed by the UIFA as a Professional Fund or as a SMART Fund Model.
- **Status of Filing** – this will indicate whether filing of the requisite documents with the commission, is complete or incomplete.

Please be reminded that all blank licence certificates issued to the UIFA must be held in safe custody, in a fire-proof cabinet or safe and available for inspection by the Commissions' Field Examiners, as required.

For lost certificates, please refer to the lost certificates form¹, which may be found on the Commission's website.

For additional information, please contact the Authorizations Department at the Securities Commission of The Bahamas.

¹ See Annex 1



THE SECURITIES COMMISSION OF THE BAHAMAS

**BLANK LICENCE RECONCILIATION FORM
FOR UNRESTRICTED INVESTMENT FUND ADMINISTRATORS**

Name: Unrestricted Investment Fund Administrator

Control Number	Licence Number	Date Issued by Commission	Date Fund Licensed by Administrator	Name of Investment Fund	Licence Category	Status of Filing

Attestation by the CEO/Managing Director/Compliance Officer

I/We, _____ hereby affirm that to the best of my/our knowledge, information and belief, the contents of this form are correct and true.

Authorized Signatory

Date

ANNEX 1



NOTIFICATION OF LOSS CERTIFICATE

To: THE SECURITIES COMMISSION OF THE BAHAMAS ("the Commission")

From: _____
[Name of Licensee/Registrant] ("the Licensee/Registrant")

Dated: [], A.D., 200

- (i) The Licensee/Registrant was licensed/registered by the Commission as a [] on [] and was granted a [type of licence], licence number [] (the "Certificate").
- (ii) The Licensee/Registrant has caused a search to be made for the Certificate but after careful search has not been able to find it. To the best of the Licensee's/Registrant's knowledge and belief the Certificate has either been lost, misplaced, or accidentally destroyed.
- (iii) (a) The Licensee/Registrant hereby agrees that all authority granted by the Commission, to the Licensee/Registrant under the Certificate is hereby surrendered;

OR

- (b) The Licensee/Registrant hereby requests the Commission to issue a new certificate in respect of its registration/licensing as a [].

[PLEASE DELETE AS APPROPRIATE]

- (iv) **THE LICENSEE HEREBY UNDERTAKES** that if the Certificate shall hereafter be found forthwith to deliver up the same or cause the same to be delivered up to the Commission its successors and assigns without costs.

Signed

[For and on behalf of the Licensee/Registrant by a Director or such other person authorized to sign on behalf of the Licensee/Registrant]

